

RELATING TO ISSUANCE OF DUPLICATE POST OFFICE  
CHECKS WHEN ORIGINAL IS LOST

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SEPTEMBER 13, 1951.—Ordered to be printed

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Mr. UNDERWOOD, from the Committee on Post Office and Civil Service, submitted the following

## REPORT

[To accompany S. 1411]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 1411), to authorize the Postmaster General to issue duplicate checks without requiring bond when checks of the Post Office Department are lost while in custody of the United States, having considered the same, report favorably thereon, with amendments, and recommend that the bill, as amended, do pass.

## AMENDMENTS

Strike out following words, line 5, page 1, "by inserting at the end thereof the following" and inserting in lieu thereof the following: "to read as follows:".

The reason for this amendment is that the proviso proposed in S. 1411 would make unnecessary the retention of the proviso in subsection (e) of section 528, title 31, United States Code, which reads as follows:

*Provided*, That when such original check does not exceed in amount the sum of \$100 and the payee or owner is, at the date of the application, an officer or employee in the service of the Post Office Department, whether by contract, designation, or appointment, the Postmaster General may, in lieu of an indemnity bond, authorize the issuance of a substitute check or warrant upon such an affidavit as he may prescribe, to be made before any postmaster by the payee or owner of an original check.

Strike out words "before any postmaster" appearing on lines 2 and 3, page 2.

The provisions of sections 287 and 1001, title 18, United States Code, prescribe severe penalties for the filing of fraudulent claims or the making of false statements. Accordingly the committee believes that it is unnecessary to require that the affiant physically appear before a postmaster when he makes such an affidavit.

The title is amended to read:

A bill to authorize the Postmaster General to issue duplicate checks without requiring bond when such checks of the Post Office Department are lost while in the custody of the United States or lost without fault of the owner or holder.

#### STATEMENT

The purpose of this legislation is to enable the Postmaster General to issue duplicate checks or warrants, without requiring an indemnity bond, when such checks or warrants of the Post Office Department are lost, stolen, or destroyed while in custody or control of the Post Office Department, or even when not in custody of the Post Office if lost through no fault of the owner or holder. Instead of requiring an indemnity bond where the amount of the instrument is in excess of \$100, as required under subsection (e), 31 United States Code 528, the Postmaster General may follow the same procedure as to filing of an affidavit presently required under the proviso to subsection (e), 31 United States Code 528, where the amount does not exceed \$100.

The effect of this legislation would be to permit the Post Office Department to follow the same procedure, regardless of the amount of the missing document. In the opinion of the committee, the objectives of this measure will benefit both the Post Office Department and the payees or owners of Post Office Department checks. This bill has no reference to any checks or warrants except those issued by the Post Office Department.

Inasmuch as the conditions for issuance of a duplicate check or warrant are stated in the alternative, the legal effect would be to permit this procedure to be followed whenever the Postmaster General is satisfied that the loss was without the fault of the owner, even though it did not occur while the instrument was actually in the custody of the Post Office Department or the United States mails. Therefore the title is appropriately amended.

While the probable effect of this legislation would be to relieve the approving officer of payment in cases where duplicate payments should occur and have this borne by the Post Office Department, according to the expressed view of the Postmaster General, contained in his favorable report on this measure, the likelihood of loss to the Post Office Department from such possible duplicate payments is thought to be rather small, particularly when it is borne in mind that the Treasurer of the United States operates a very effective stop-payment system and will make a duplicate payment only when the holder in due course, without fault or negligence on his part, is unable otherwise to secure his money.

Cost: The Postmaster General states that it is impossible to estimate the cost or savings resulting from the enactment of this proposed legislation but he states that the cost of operating the duplicate check procedure contemplated under this bill would not be any greater than at present, and he gives it as his opinion that it is possible that this measure might result in a saving to the Post Office Department.

#### AGENCY REPORTS

Attached hereto are reports from the Postmaster General and the Comptroller General, neither of whom interpose any objection to the

proposed legislation. The Postmaster General states that the Bureau of the Budget has advised that there is no objection to the presentation of his report.

GENERAL ACCOUNTING OFFICE,  
Washington, May 25, 1951.

HON. OLIN D. JOHNSTON,  
Chairman, Committee on Post Office and Civil Service,  
Room 134, Senate Office Building.

MY DEAR MR. CHAIRMAN: Reference is made to your letter dated April 30, 1951, acknowledged by telephone on May 3, 1951, enclosing a copy of S. 1411, Eighty-second Congress, entitled, "A bill to authorize the Postmaster General to issue duplicate checks without requiring bond when checks of the Post Office Department are lost while in custody of the United States," and requesting the comments of this Office concerning the proposed legislation.

The bill, if enacted, would amend section 3646 (e) of the Revised Statutes (31 U. S. C. 528 (e)) by adding an additional proviso which would permit the issuance of a substitute check or warrant by the Postmaster General upon the execution of an affidavit, in lieu of an indemnity bond, when he is satisfied that the original check was lost, stolen, or destroyed without fault of the owner or holder or while the check was in the custody or control of the Post Office Department or in the mails.

Similar authority is now contained in section 3646 (b) (1), Revised Statutes, as amended (31 U. S. C. 528 (b) (1)), with respect to the issuance of substitute checks by the Secretary of the Treasury without the need for a bond of indemnity, and the effect of the legislation proposed would be to grant substantially the same authority to the Postmaster General with respect to issuance of substitute checks of the Post Office Department.

Inasmuch as no reason appears why substitute checks of the Post Office Department should not be issued under the same conditions that are now applicable to substitute checks issued by the Secretary of the Treasury, you are advised that this Office would interpose no objection to the enactment of the proposed legislation.

Four copies of this report are enclosed as requested.

Sincerely yours,

LINDSAY C. WARREN,  
Comptroller General of the United States.

POST OFFICE DEPARTMENT,  
Washington, D. C., August 15, 1951.

HON. OLIN D. JOHNSTON,  
Chairman, Committee on Post Office and Civil Service,  
United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your request for a report on S. 1411, a bill to authorize the Postmaster General to issue duplicate checks without requiring bond when checks of the Post Office Department are lost while in the custody of the United States.

This measure would add a proviso to the law embodied in subsection (e) of section 528, title 31, United States Code, to read as follows:

"Provided further, That when the Postmaster General is satisfied that such loss, theft, or destruction occurred without fault of the owner or holder or while any check was in the custody or control of the Post Office Department or in the mails, the Postmaster General may, in lieu of an indemnity bond, authorize the issuance of a substitute check or warrant upon such affidavit as he may prescribe, to be made before any postmaster by the payee or owner of an original check."

The purpose of the proviso is to authorize the Postmaster General to waive the indemnity bond required under the provisions preceding the first proviso in the section. In general, the enactment of this measure would permit the Post Office Department to operate under the same procedures insofar as the issuance of duplicate or substitute checks is concerned as are presently in effect in the Treasury Department. It is believed that the objectives of this measure will benefit both

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the Post Office Department and the payees or owners of Post Office Department checks.

It apparently is the intent of this measure that in cases where duplicate payments should occur and collection from the payee should prove impossible, the loss involved would not be charged personally to the approving officer, but would be assumed by the Post Office Department. The likelihood of loss to the Post Office Department under the proposed amendments to the law relating to the issuance of duplicate checks is thought to be rather small, particularly when it is borne in mind that the Treasurer of the United States operates a very effective stop-payment system and will make a duplicate payment only when the holder in due course of the Treasury check, without fault or negligence on his part, is unable otherwise to secure his money.

While it is not practicable to attempt to estimate the cost or savings which might result from the enactment of this measure, it is believed that the cost of operating the duplicate check procedure would not be any greater than at present, and it is possible that procedures might be placed in operation under the provisions of this bill that could produce a saving.

In view of the foregoing this Department favors the enactment of the measure.

However, attention is invited to the fact that the present proviso in subsection (e) of section 528, title 31, United States Code, provides:

*"Provided, That when such original check does not exceed in amount the sum of \$100 and the payee or owner is, at the date of the application, an officer or employee in the service of the Post Office Department, whether by contract, designation, or appointment, the Postmaster General may, in lieu of an indemnity bond, authorize the issuance of a substitute check or warrant upon such an affidavit as he may prescribe, to be made before any postmaster by the payee or owner of an original check."*

This provision would be unnecessary, if the proviso proposed by S. 1411 is enacted. It is suggested, therefore, that the words "by inserting at the end thereof the following" in line 5, page 1, of S. 1411, be deleted and that the words "to read as follows" be inserted in lieu thereof.

Attention also is invited to the fact that the provisions of sections 287 and 1001, title 18, United States Code, prescribe severe penalties for the filing of fraudulent claims or the making of false statements. Accordingly, it is believed that the words "before any postmaster" in lines 2 and 3, page 2, of the measure, are unnecessary. As a matter of fact, the inclusion of such words could be construed as requiring the physical appearance of the payee or owner before the postmaster for the purpose of making affidavit.

The Bureau of the Budget has advised that there would be no objection to the presentation of this report to your committee.

Sincerely yours,

J. M. DONALDSON, *Postmaster General.*

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, S. 1411, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

#### SECTION 3646 (E) OF THE REVISED STATUTES, AS AMENDED (31 U. S. C. 528-E; 59 STAT. 592)

(e) Notwithstanding the provisions of subsections (a), (b), (c), and (d) of this section, whenever any original check of the Post Office Department has been lost, stolen, or destroyed, the Postmaster General may authorize the issuance of a substitute, marked "duplicate" and showing the number, date, and payee of the original check, prior to the expiration of ten years from the date on which the original check was issued, upon the execution by the owner thereof of such bond of indemnity as the Postmaster General may prescribe: *[Provided, That when such original check does not exceed in amount the sum of \$100 and the payee or owner is, at the date of the application an officer or employee in the service of the Post Office Department, whether by contract, designation, or appointment, the Postmaster General may, in lieu of an indemnity bond, authorize the issuance*



of a substitute check or warrant upon such an affidavit as he may prescribe, to be made before any postmaster by the payee or owner of an original check. **]** *Provided, That when the Postmaster General is satisfied that such loss, theft, or destruction occurred without fault of the owner or holder or while any check was in the custody or control of the Post Office Department or in the mails, the Postmaster General may, in lieu of an indemnity bond, authorize the issuance of a substitute check or warrant upon such affidavit as he may prescribe, to be made by the payee or owner of an original check.*



of a man's mind is a very important thing, and one which is often overlooked. It is not enough to know that a man is a man, but we must also know what he is capable of. This is why it is so important to test a man's mind, and to see whether or not he is a man.

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